* The cost of funds of Cooperative Banks in Gujarat are on the high side and therefore they are not in a position to implement the scheme.

Government of India decided to provide subvention of 2% p.a. to the Cooperative Banks for short term credit disbursed out of their own resources with an upper limit of Rs. 3.00 lakh on the Principal amount per borrower.

Removal of dual control on UCBs

1153. SHRI KAMAL AKHTAR: Will the Minister of FINANCE be pleased to state:

(a) the reasons for Government retreating on promise made on 6 December, 2006 in the House to bring a comprehensive Bill to amend Banking Regulation Act to remove dual control in Urban Cooperative Banks (UCBs);

(b) by when the Bill would be introduced;

(c) whether Government has received any demand from UCBs for exemption from Income Tax;

(d) whether Government is aware that UCBs are currently going through a bad patch and require capital for technological upgradation; and

(e) if so, the steps taken to improve the position of UCB sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a), (b), (d) and (e) To ensure regulatory coordination and cooperation under the existing legal framework, RBI has entered into Memorandum of Understanding (MoU) with State Governments. As part of the MoU, a Task Force for Urban Cooperative Banks (TAFCUB) has been set up in each of the States which have signed the MoU for identification of and drawing up of a time bound action plan for revival of potentially viable Urban Co-operative Banks (UCBs) and for non-disruptive exit for non-viable UCBs.

Based on TAFCUB's recommendations, supervisory actions that have been taken include issue of license to unlicensed banks, allowing merger of UCBs, cancellation of license of unviable UCBs etc. Further, certain other facilities like setting up of currency chest, selling mutual funds, providing foreign exchange services etc. have been extended to such banks in the MoU signed States.

(c) The demand for exemption of Cooperative Banks from income tax under Section 80P of the Income Tax Act has been received from different quarters and was considered by the Government. However, the same has not been found to be acceptable.

Revenue forego on account of Corporate tax

1154. SHRI PENUMALLI MADHU: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government is aware that the Revenue forego on account of corporate tax exemptions accounted for more than Rupees 50,000 crores and excise duty nearly Rupees 1,00,000 crores, in 2006-07;

(b) whether Government has reviewed the concessions now being enjoyed by the corporate sector and what are the steps proposed to end further loss to Government on account of these concessions; and